

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01

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P R 161929Z MAR 78

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 6832

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

AMEMBASSY LUXEMBOURG

USMISSION GENEVA

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USOECD ALSO FOR EMBASSY, USMTN

E.O. 11652 N/A

TAGS: ETRD, GW

SUBJECT: TESTIMONY FOR HEARING ON "BUY AMERICA" BILL

REF: (A) STATE 61254; (B) 77 BONN 21525 (NOTAL)

1. RELIABLE ESTIMATES OF ANNUAL PURCHASES BY
GOVERNMENT OR ENTITIES CONTROLLED BY THE GOVERNMENT
ARE NOT AVAILABLE. THE FOLLOWING ARE RECENT EXAMPLES
OF SIGNIFICANT PURCHASES OF AMERICAN GOODS.

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- IN 1977, LUFTHANSA, A GOVERNMENT OWNED AIRLINE,
PLACED ORDERS FOR U.S. PASSENGER PLANES AMOUNTING
TO BETWEEN \$400 AND 600 MILLION, DEPENDING ON
THE OPTIONS EXERCISED BY THE GERMAN COMPANY.
LUFTHANSA HAS ALSO PURCHASED SEVERAL AIRBUSES
PRODUCED BY A GERMAN-FRENCH CONCERN. THESE
AIRBUSES HAVE A 30 PERCENT U.S. CONTENT.

- THE FACE VALUE OF U.S. SALES OF MILITARY HARDWARE AND TRAINING PROGRAMS ACCEPTED DURING CY 77 WAS \$350 MILLION (MORE ACCURATE ESTIMATES OF ACTUAL OBLIGATED AMOUNTS COULD BE OBTAINED FROM DOD). IN JAN. 1978 A SALE OF TOW MISSILES WAS ACCEPTED, VALUED AT \$70 MILLION.

- IN 1976 GERMANY IMPORTED DM119 MILLION OF U.S.-ORIGIN TELECOMMUNICATIONS EQUIPMENT, WHICH IS A FIELD VIRTUALLY TOTALLY GOVERNMENT OWNED AND CONTROLLED.

2. GOVERNMENT PURCHASES OF U.S. GOODS ARE NOT LIMITED TO THE ABOVE MENTIONED AREAS. HOSPITALS, THE MAJORITY OF WHICH ARE STATE-OWNED, CERTAINLY ACCOUNT FOR A PORTION OF THE \$70 MILLION OF ANNUAL U.S. EXPORTS TO THE FRG IN THE HEALTH CARE SECTOR. UNIVERSITIES, WHICH ARE ALL PUBLICLY RUN, SURELY ARE IN SOME PART RESPONSIBLE FOR PURCHASES FROM THE U.S. IN THE COMPUTER FIELD. IN 1978, U.S. SALES TO THE FRG IN THE ELECTRONICS FIELD ARE PROJECTED AT ABOUT \$800 MILLION.

3. IN ADDITION THE GERMAN GOVERNMENT HAS A MAJORITY OR CONTROLLING INTEREST IN SEVERAL MAJOR GERMAN LIMITED OFFICIAL USE

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FIRMS. FOR INSTANCE 43.7 PERCENT OF VEBA, THE LARGEST CORPORATION IN GERMANY ACTIVE IN THE FIELDS OF ENERGY, GLASS, TRADE AND TRANSPORTATION, IS OWNED BY THE FEDERAL GOVERNMENT. HOWEVER, WE HAVE NO PRECISE IDEA HOW MUCH THESE FIRMS BUY FROM U.S. OR THE EXTENT OF INFLUENCE THE GOVERNMENT EXERTS IN PURCHASING DECISIONS.

4. COMMENT: U.S. EXPORTS TO THE FRG IN CY 77 WERE CLOSE TO \$8 BILLION. WHILE MOST OF THESE SALES ARE PRIVATE, ANY INCREASED AMERICAN PROTECTIONISM WOULD SURELY BRING ABOUT A GERMAN GOVERNMENT RESPONSE NEGATIVELY IMPACTING THE LEVEL OF AMERICAN EXPORTS TO THE FRG. ALSO, THE SIGNIFICANT FEDERAL AND LOCAL GOVERNMENT INVOLVEMENT IN THE ECONOMY COULD ENHANCE THE EFFECTIVENESS OF ANY RETALIATORY PROTECTIONIST MEASURES TAKEN BY THE FRG. THE CASE CITED IN REF B IS TYPICAL OF THE GERMAN SENSITIVITY ON THIS ISSUE.

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